

FAIRGROVE DISTRICT LIBRARY
Fairgrove, Michigan

Report on Financial Statements
March 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <i>Fairgrove District Library</i>	County <i>Tuscola</i>
Audit Date <i>3-31-04</i>	Opinion Date <i>5-27-04</i>	Date Accountant Report Submitted to State: <i>6-24-04</i>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan as to*
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132])..
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			<input checked="" type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) <i>Anderson, Tuckey, Bernhardt & Doran</i>			
Street Address <i>715 E. Frank St.</i>	City <i>Caro</i>	State <i>MI</i>	ZIP <i>48723</i>
Accountant Signature <i>Haunt Anderson</i>			

Table of Contents

Page Number

REPORT OF INDEPENDENT AUDITORS

GENERAL PURPOSE FINANCIAL STATEMENTS

<i>Balance Sheet - All Governmental Fund Types</i>	<i>1</i>
<i>Statement of Revenue, Expenditures and Changes in Fund Balance - All Governmental Fund Types</i>	<i>2</i>
<i>Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund</i>	<i>3</i>
<i>Notes to the Financial Statements</i>	<i>4 - 5</i>

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

May 27, 2004

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Fairgrove District Library
Fairgrove, MI 48733

Dear Board Members:

We have audited the financial statements of the **Fairgrove District Library**, Fairgrove, Michigan, as of March 31, 2004 and 2003, as listed in the Table Of Contents. These financial statements are the responsibility of the Fairgrove District Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 3, the general purpose financial statements referred to above do not include the General Fixed Assets Group of Accounts, which should be included to conform with U.S. generally accepted accounting principles. The amount that should be recorded in the General Fixed Assets Group of Accounts is not known.

In our opinion, except for the effects on the general purpose financial statements of the omission described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the **Fairgrove District Library** as of March 31, 2004 and 2003 and the results of its operations for the years then ended in conformity with U.S. generally accepted accounting principles.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

GENERAL PURPOSE FINANCIAL STATEMENTS

FAIRGROVE DISTRICT LIBRARY
Balance Sheet - All Governmental Fund Types

	March 31,	
	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and savings deposits	\$ 77,367	\$ 67,948
Taxes receivable	2,972	2,861
State aid receivable	<u>1,480</u>	<u>2,378</u>
TOTAL ASSETS	<u>\$ 81,819</u>	<u>\$ 73,187</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Fund Balance:		
Designated	\$ 10,339	\$ 4,662
Undesignated	<u>71,480</u>	<u>68,525</u>
Total Fund Balance	<u>81,819</u>	<u>73,187</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 81,819</u>	<u>\$ 73,187</u>

The accompanying notes are an integral part of the financial statements.

FAIRGROVE DISTRICT LIBRARY
Statement of Revenue, Expenditures, and Changes in
Fund Balance - All Governmental Fund Types

	March 31,	
	<u>2004</u>	<u>2003</u>
REVENUES:		
State Aid	\$ 1,922	\$ 2,842
Taxes	46,242	41,728
Services	1,195	1,214
Fines	35,918	40,531
Miscellaneous	<u>13,169</u>	<u>12,832</u>
TOTAL REVENUES	<u>98,446</u>	<u>99,147</u>
EXPENDITURES:		
Salaries and employee benefits	48,685	47,124
Library materials	15,707	15,235
Operational	18,817	18,688
Legal and accounting	725	700
Memorial and donation expenses	3,275	2,739
Miscellaneous	1,076	974
Capital outlay	<u>1,529</u>	<u>2,356</u>
TOTAL EXPENDITURES	<u>89,814</u>	<u>87,816</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	8,632	11,331
FUND BALANCE - APRIL 1	<u>73,187</u>	<u>61,856</u>
FUND BALANCE - MARCH 31	<u><u>\$ 81,819</u></u>	<u><u>\$ 73,187</u></u>

The accompanying notes are an integral part of the financial statements.

FAIRGROVE DISTRICT LIBRARY
Statement of Revenue, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended March 31, 2004

	GENERAL FUND		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
State aid	\$ 2,500	\$ 1,922	\$ (578)
Taxes	43,000	46,242	3,242
Services	1,200	1,195	(5)
Fines	40,000	35,918	(4,082)
Miscellaneous	10,900	13,169	2,269
TOTAL REVENUES	<u>97,600</u>	<u>98,446</u>	<u>846</u>
EXPENDITURES:			
Salaries and employee benefits	53,505	48,685	4,820
Library materials	16,200	15,707	493
Operational	22,470	18,817	3,653
Legal and accounting	725	725	-
Memorial and donation expenses	1,500	3,275	(1,775)
Miscellaneous	1,150	1,076	74
Capital outlay	2,050	1,529	521
TOTAL EXPENDITURES	<u>97,600</u>	<u>89,814</u>	<u>7,786</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	8,632	8,632
FUND BALANCE - APRIL 1	<u>73,187</u>	<u>73,187</u>	-
FUND BALANCE - MARCH 31	<u><u>\$ 73,187</u></u>	<u><u>\$ 81,819</u></u>	<u><u>\$ 8,632</u></u>

The accompanying notes are an integral part of the financial statements.

FAIRGROVE DISTRICT LIBRARY
Notes To The Financial Statements
For The Years Ended March 31, 2004 And 2003

NOTE 1 - DESCRIPTION OF DISTRICT LIBRARY OPERATIONS:

The Fairgrove District Library (Library) was organized under Public Act 24 of 1989 on July 1, 1999. Previously, the Library was a special revenue fund of the Township of Fairgrove. The Library is governed by an appointed board from two service areas: the Township of Fairgrove, which appoints two members, and the Akron-Fairgrove Schools, which appoints three members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING:

The Library maintains its accounting records and prepares its financial statements on the modified accrual basis of accounting. Under this basis, revenues are recognized when taxes are assessed and available, grant requirements are met, contributions are pledged or when revenue is otherwise earned. Expenses are recognized when the related liability is incurred.

BUDGET AND BUDGETARY ACCOUNTING:

Generally accepted accounting principles require a comparison of actual and budgeted revenue and expenditures.

Budgeted amounts are as originally adopted, or as amended by the Library board at various times during the fiscal year.

BASIS OF PRESENTATION:

The financial activities of the Library are recorded in separate funds and account groups, categorized and described as follows:

GOVERNMENTAL FUNDS:

General Fund - The General Fund is the general operating fund of the Library. It is used to account for all financial resources.

TAXES RECEIVABLE:

Taxes receivable consists of delinquent property taxes due to the Library from various townships in Tuscola County.

ACCOUNTING ESTIMATES:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

NOTE 3 – FUNDS OMITTED:

The Library has not maintained a record of its general fixed assets, and accordingly, a statement of general fixed assets has not been included in this report.

FAIRGROVE DISTRICT LIBRARY
Notes To The Financial Statements
For The Years Ended March 31, 2004 And 2003

NOTE 4 – CASH AND INVESTMENTS:

Deposits are carried at cost. Deposits of Fairgrove District Library are at a bank in the name of Fairgrove District Library.

The Governmental Accounting Standards Board Statements No. 3 risk disclosures for the General Fund cash deposits are as follows:

GENERAL FUND CARRYING AMOUNT

	March 31,	
	<u>2004</u>	<u>2003</u>
Cash	\$77,367	\$67,948

At year-end, the carrying amount of the Library's deposits was \$77,367 and the bank balances was \$78,513 of which \$78,513 was covered by federal depository insurance.

NOTE 5 – BUILDING LEASE:

The Library has entered into a five-year lease agreement, through June 30, 2004, with the Township of Fairgrove for a portion of one of its buildings for an annual rate of \$1. The Library is responsible for two-thirds of the maintenance and insurance costs.

NOTE 6 – RISK MANAGEMENT:

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Library carries commercial insurance to cover any losses that may result from the above-described activities.

NOTE 7 – PENSION PLAN:

The Library has no pension plan.

NOTE 8 – FUND BALANCE - RESTRICTED:

On June 19, 2002, the board approved opening a separate savings account for donation and memorial money. This money is to be used for purchasing lights, carpet, and computers. As of March 31, 2004 the designated fund balance was \$10,339.